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RUEHTU/AMEMBASSY TUNIS PRIORITY 6596
RUCNDT/USMISSION USUN NEW YORK PRIORITY 8648
RUEHJI/AMCONSUL JEDDAH PRIORITY 1422
RUEHJM/AMCONSUL JERUSALEM PRIORITY 2165
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RHMFIUU/COMSIXTHFLT PRIORITY

UNCLAS TEL AVIV 001226

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR X0XX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
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PARIS ALSO FOR POL
ROME FOR MFO

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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

The media reported on the elections in Lebanon and the apparent victory of the Qanti-SyrianQ camp led by Saad Hariri. Israel Radio cited the satisfaction of senior Israeli diplomatic officials over the unofficial results of the poll. The Jerusalem Post reported that, on the eve of the elections, a senior Israeli official told

the newspaper that if Hizbullah formed the core of the next Lebanese government, QIsrael will no longer view a hostile action by Hizbullah as a Hizbullah attack, but as an attack by the Lebanese state.

The media reported that PM Benjamin Netanyahu will lay out his political stance on peace with the Palestinians in a speech at Bar Ilan University next week. Media quoted Netanyahu associates as saying that the address comes as a response to the historic address delivered by President Obama in Egypt last week. Yediot cited the belief of associates of President Shimon Peres and Egyptian President Hosni Mubarak that Netanyahu will recognize the Qtwo-stateQ formula. The Jerusalem Post quoted PA officials as saying yesterday that the PA will not return to the negotiating table with Israel until Netanyahu endorses the two-state solution and stops construction in the settlements. HaQaretz reported that Israeli security officials are expected to meet this week to discuss easing the blockade of the Gaza Strip, following U.S. President Barack Obama's recent criticism of the "continuing humanitarian crisis" there. Media reported that yesterday at the Erez Crossing, an American-Israeli feminist delegation and left-wing activists dressed like clowns held a rally to protest the ban on toy entering Gaza.

HaQaretz reported that yesterday Interior Minister Eli Yishai (Shas) began to take good on a pledge that he would exploit all the resources of his ministry, "its branches and its influences over local government," to expand settlements in the territories. The (English-language) online articleQs headline reads: QIsraeli Ministry Wages Settlement War against U.S.

Electronic media reported that this morning at the Karni Crossing, six to ten terrorists unsuccessfully attempted to kidnap an IDF soldier. Fighting ensued, in which four of the assailants were killed. Media reported that on Friday at NaQalin (West Bank), Ala Shafam, a demonstrator against the separation fence, was killed by IDF fire. Maariv quoted IDF officials as saying that he was a wanted Hamas operative.

The media quoted Secretary of State Hillary Clinton as saying in a taped interview aired yesterday on ABC-TVQs QThis WeekQ that Iran must expect full retaliation from "a battery of nuclear weapons countries" should it attack Israel. HaQaretz quoted the Foreign Ministry as saying yesterday that a new report on Iran by the IAEA shows that the UN cannot be trusted to monitor the Islamic Republic's nuclear program.

Yediot reported that Special Envoy for Middle East Peace Sen. George Mitchell will continue the discussion that began two weeks ago in London on freezing construction in the settlements. Israel insists that it be permitted to continue construction for natural growth purposes within the existing lines of construction, on the basis of the agreements and understandings reached by the two countries in May 2003. Yediot quoted senior Israeli diplomatic sources as saying that in casting aside these understandings, the Americans committed an inexcusable act, by QerasingQ history. QCall Condoleezza Rice, her deputy Steve Hadley, and Elliott Abrams from the National Security Council, and ask them what took place.Q Media quoted Secretary Clinton as saying over the weekend that there were records denying that there was even an oral agreement that Israel could continue to build in the settlement blocs. The Jerusalem Post also reported that Israeli officials rejected ClintonQs assertion. Yediot quoted Dov Weisglass, formerly Ariel Sharon's senior aide, who was the one who conducted the negotiations with the Bush administration, as saying on Saturday: "Secretary of State Hillary Clinton is using general and inaccurate terms.

Maariv reported that U.S. Security Coordinator for Israel and the PA Lt. Gen. Keith DaytonQs plan to curb Hamas and to restore order in the PA includes the expansion of Palestinian policing forces to as many as ten battalions, compared to the three that operate today.

Yediot reported that yesterday Minister-without-Portfolio Yossi Peled (Likud) recommended that the government consider applying a series of pressures on the Obama administration, proposing that Israel reconsider, among other options, its military and civilians purchases from the U.S., that it trade in sensitive military equipment, to whQh the U.S. is opposed, and to allow competing

military forces and intelligence agencies a foothold in the Middle East.

HaQaretz and The Jerusalem Post reported that, in an unprecedented move, the Defense Ministry has granted 50 Palestinian families from Hebron 250,000 shekels (around \$62,500), taken from taxpayers money, as compensation for damages to their property by settler activists in December 2008.

Leading media reported that prosecutors in a Jenin court requested that a Palestinian woman accused of spying for Israel be sentenced to death.

Maariv reported that many Gazans are disappointed by the tunnel-smuggling enterprise, which reportedly robbed them of their livelihood.

Yediot reported that India has placed Israel Military Industries on a blacklist of seven manufacturers of arms and ammunition that have worked in the past with India and are now suspected of illegalities, principally of paying bribes while working in India.

Leading media reported that 12 residents of the Israeli Arab town of Shfaram (in Arabic: Shafaamer) were indicted yesterday over the August 2005 murder of Eden Natan-Zada, a Jewish military deserter who was lynched after opening fire on a bus heading to Shfaram, killing four Arabs and wounding more than a dozen.

Electronic media reported that this morning the Tel Aviv District Court indicted former finance minister Abraham Hirschson on various charges. He was on trial for allegedly stealing 2.5 million shekels (around \$625,000) from the National Workers Organization while serving as its chairman.

All media reported that thousands of ultra-Orthodox rioted in Jerusalem over the opening of a municipal parking lot on the Sabbath.

Media reported that Yoav Tzur was appointed Editor-in-Chief of Maariv.

I. Mideast:

Block Quotes:

I. "Netanyahu's Moment"

The independent, left-leaning Ha'aretz editorialized (6/8): QFaster than expected, the Prime Minister has reached the moment when he must decide between adhering to his outdated political platform and advancing the national interest by achieving a peace deal with the Palestinians and maintaining good relations with the United States. The politicians who are considered Netanyahu's natural partners, both from Likud and the far right, will threaten to remove him from power and warn of a serious internal rift if he says yes to Obama. But Netanyahu must not be alarmed by them. This is his moment to prove that he is a statesman of historic vision, who is capable of going beyond his old positions and taking advantage of opportunities, rather than missing them because of political fears.

II. "Building a Crisis"

Diplomatic correspondent Ben Caspit wrote in the popular, pluralist Maariv (6/7): QPeople who are well versed on the matter say that the Americans aren't interested in giving Netanyahu any benefits after realizing that he did not intend to ratify the Roadmap and would not publicly endorse the two-state principle (despite the fact that in closed conversations that he held with Obama he said explicitly that ultimately a Palestinian state would be established). That being the case, the Americans have no reason to recognize the oral understandings that existed. What about the written understandings? Here things are a bit clearer. Dov Weisglass's letter to National Security Adviser Condoleezza Rice, which turned into an appendix to the Roadmap and President Bush's letters, includes a clause that is

defined as Qgrowth in the settlements.Q That clause stipulates that Israel and the United States are to establish joint teams that will demarcate the confining lines of the existing settlements. At that stage, says Weisglass, the term Qnatural growthQ was stricken from the document at the AmericansQ request and was replaced by the phrase Qexisting construction lineQ.... The problem is that the construction lines of the settlements were never marked on the ground. Either way, officials in Jerusalem are confounded.

III. "Why Obama Is Wrong on Israel and the Shoah"

The conservative, independent Jerusalem Post editorialized (6/8): QBarack Obama has been terribly misinformed if he thinks Israel's legitimacy hinges on the Shoah.... What the Holocaust proved is that the world is too dangerous a place for Jews to be stateless and defenseless. But we Zionists were making that argument long before Hitler came to power.... However one chooses to understand Jewish civilization -- as sacred history, or through the modern lenses of secular history and archeology -- the ancient bond between the Jews and their land is indisputable.... When Obama implies that Jewish rights are essentially predicated on the Holocaust -- not once asserting they are far, far deeper and more ancient -- he is dooming the prospects for peace. For why should the Arabs reconcile themselves to the presence of a Jewish state, organic to the region, when the U.S. President keeps insinuating that Israel was established to atone for Europe's crimes?

IV. QTimeQs A-Wasting

Senior op-ed writer Akiva Eldar commented in Ha'aretz (6/8): QAfter the expectations that Obama raised in Cairo, the Israeli-Palestinian problem is his problem, too. We can only hope that when the President said that Qnow is the timeQ to move forward with a two-state solution -- he means that if, by the end of 2009, at the latest, on the eve of elections in the territories, the parties have not come to an arrangement on their own, he will force his solution upon them. Time's a-wasting.

1V. "DonQt Turn Obama into an Enemy"

Former National Religious Party Knesset Member and former Deputy Foreign Minister Yehuda Ben-Meir wrote in HaQaretz (6/7): QThe attempt to turn Obama into Israel's enemy is mendacious, foolish, irresponsible and potentially disastrous. There will probably be more disputes between Israel and the new President, not only because of his clear worldview and determination, but also because of the current Israeli government's shortsightedness.... [But] Obama's vehement denunciation of terrorism against Israel, referring to suicide bombings and Qassam rockets aimed at Sderot's children, and the firm demand that Palestinians disassociate themselves from this terrorism, were clear and unequivocal.... The dispute [between Washington and Jerusalem] is based mainly on Prime Minister Benjamin Netanyahu's refusal to recognize that the solution of two states for two peoples is an Israeli interest, an Israeli obligation and the expectation of the entire world, not to mention most Israelis.... Netanyahu is right in saying that a life-loving nation must identify the dangers threatening it, as well as its real and vital interests. Today's Israel faces serious threats, and its alliance with the United States and its President are fundamental pillars of its security. The Qspecial relationshipQ between Israel and America was forged through tremendous effort over decades, and the current Prime Minister will have abused his position and violated his obligations if he does not know how to cultivate and protect it.

VI. "Barack Obama Is Not QOurQ President"

Correspondent Daniil Davidzon wrote on page one of the conservative Russian-language Vesty (6/7): QNever before ... in any of his speeches did the U.S. President stress the theme of his Muslim roots [the way he did in Cairo speech]. There was a strong impression that he was trying to convince the audience that he was one of them ... and that he, as U.S. President, understood the Muslim world better than anybody else. This may be true, but what right does it give Barack Hussein Obama to place on equal footing the Holocaust and the Qsufferings of the Palestinian peopleQ -- the way he described the situation in the Palestinian Authority?!.... The world

must change, President Obama declared in his first speech as President immediately after taking the oath of office. Now it is more or less clear in which direction. In fact, Barack Obama's declarations convince us -- Israelis -- that in this world we can only trust ourselves and live and flourish despite everybody and everything.

CUNNINGHAM